

101 Park Avenue
New York, NY 10178-0060
212-309-6000
Fax: 212-309-6273

RECORDATION NO. 15700 ^E FILED 1695

DEC 11 1996 -2 45 PM

Morgan, Lewis
& Bockius LLP

COUNSELORS AT LAW

December 10, 1996

Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C.

Re: Grand Trunk Western Railroad Incorporated -
Assignment and Assumption Agreement

Dear Mr. Williams:

I have enclosed two originals of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the U.S. Code.

This document is an Assignment and Assumption Agreement, a secondary document, dated December 5, 1996. The primary document to which this is connected is recorded under Recordation No. 15700.

We request that this assignment be cross-indexed.

The names and addresses of the parties to the document are as follows:

Assignor: PacifiCorp Credit, Inc.
825 NE Multnomah Street, Suite 775
Portland, Oregon 97232

Assignee: Connell Finance Company, Inc.
45 Cardinal Drive
Westfield, NJ 07090-1099

A description of the equipment by the Assignment and Assumption Agreement (as defined below) follows:

NY02A/83580.1

RECEIVED
SURFACE TRANSPORTATION
BOARD

Dec 11 2 41 PM '96

Counterpart - James E. Swager Jr.

Vernon A. Williams
December 10, 1996
Page 2

20 rebuilt SD-40, GP-40-2 and GP-38-2 locomotives leased to Grand Trunk Western Railroad Incorporated ("Lessee") with Lessee Road Nos. GTW 5709-5724, GTW 5916, GTW 5922, GTW 6413 and DWP 5907.

A fee of \$22 is enclosed. Please return the original and any extra copies not needed by the Board for recordation to:

Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, New York 10178
Attention: Ian Shrank, Esq.

A short summary of the document to appear in the index follows:

Assignment and Assumption Agreement dated December 5, 1996 between PacifiCorp Credit, Inc. as Assignor and Connell Finance Company, Inc. as Assignee, whereby the Assignor has assigned to the Assignee all of the its right, title and interest in and to the 20 rebuilt SD-40, GP-40-2 and GP-38-2 locomotives described above and the Transfer Documents, including the Participation Agreement dated as of June 1, 1988 among Lessee (successor in interest to Grand Trunk Western Railroad Company), the Bank of New York (successor in interest to Mercantile-Safe Deposit and Trust Company) as Agent ("Agent"), the Assignor, Grand Trunk Corporation as guarantor and Principal Mutual Life Insurance Company as investor, the Reconstruction and Conditional Sale Agreement dated as of June 1, 1988, as amended as of September 15, 1990 among Agent, Assignor and Lessee, the Lease of Railroad Equipment dated as of June 1, 1988 between Lessee and Assignor, the Assignment of Lease and Agreement dated as of June 1, 1988 between Agent and Assignor, the Tax Indemnity Agreement dated as of June 1, 1988 between Lessee and the Assignor and the Savance Guaranty dated as of June 1, 1988 in favor of Assignor (the "Transfer Documents").

If you have any questions with respect to the enclosed, please feel free to call me at (212) 309-6340.

Very truly yours,



Dennis A. O'Brien

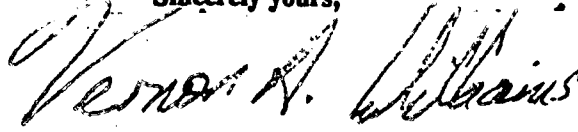
SURFACE TRANSPORTATION BOARD
WASHINGTON, D.C. 20425-0001

Dennis A. O'Brien
Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, NY 10178-0060

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12-11-96 at 2:45 PM, and assigned recordation number(s) 15700-E.

Sincerely yours,




Vernon A. Williams
Secretary

Enclosure(s)

\$ 22.00 The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one typed on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

Signature



15700-E
DEC 1 1996

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this "Agreement"), dated December 5, 1996, is between PacifiCorp Credit, Inc. ("Assignor"), an Oregon corporation, and Connell Finance Company, Inc. ("Assignee"), a New Jersey corporation.

RECITAL

Assignor and Assignee have entered into a Purchase Agreement dated as of December 5, 1996 (the "Purchase Agreement"). Pursuant to the Purchase Agreement, Assignor wishes to sell, assign, transfer, and convey to Assignee, and Assignee wishes to purchase, receive and accept, all of the Interests (as defined below).

Capitalized terms used without definition herein have the meanings assigned to them in the Participation Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"Interests" shall mean, unless the reference is with respect to a particular Unit, all of the Units and the Transfer Documents; with reference to any particular Unit, "Interests" shall mean all of Transferor's right, title and interest in such Unit and the Transfer Documents insofar as they relate to such Unit.

"Participation Agreement" shall mean that certain Participation Agreement dated as of June 1, 1988 (the "Participation Agreement"), among Grand Trunk Western Railroad Incorporated (successor in interest to Grand Trunk Western Railroad Company), as Lessee (the "Lessee"), The Bank of New York (successor in interest to Mercantile-Safe Deposit and Trust Company), as the Agent (the "Agent"), Assignor, as Vendee, Grand Trunk Corporation, as Guarantor, and Principal Mutual Life Insurance Company, as Investor.

"Transfer Documents" shall mean, together, the Participation Agreement, the Reconstruction and Conditional Sale Agreement dated as of June 1, 1988, as amended as of September 15, 1990, among the Agent, the Lessee and Assignor, the Lease of Railroad Equipment dated as of June 1, 1988 between Lessee and Assignor, the Assignment of Lease and Agreement dated as of June 1, 1988 between the Agent and the Assignor, the Tax Indemnity

Agreement dated as of June 1, 1988 between the Lessee and the Assignor and the Savance Corporation dated as of June 1, 1988 in favor of Assignor.

“Units” shall mean the locomotives identified on Appendix 1 hereto, together with any and all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment and components of whatever nature which may from time to time be incorporated or installed in or attached to any thereof.

Section 2. Assignment of Interests. Assignor hereby sells, assigns, transfers and conveys to Assignee, all its right, title and interest in, to and under the Interests with respect to each of the Units, as of the date indicated under the heading “Delivery Date” next to each Unit, respectively, on Appendix 1 hereto (the “Delivery Date”), to have and to hold the same unto Assignee, its successors and assigns, forever; and Assignee hereby accepts and receives all such right, title and interest in, to and under the Interests; excluding, however, any claim, cause of action, liability or obligation of any nature or description or other right to payment accruing, arising or relating to any period on or prior to the date hereof with respect to the Interests or payable by reason of any act, event or omission occurring or existing on or prior to the date hereof with respect to the Interests, whether known or unknown, contingent or otherwise, as of the date hereof.

Section 3. Assumption of Liabilities. Assignee assumes, with respect to the periods after the Delivery Date, all of the duties and obligations of Assignor hereafter accruing or arising incident to the Transfer Documents. Assignee confirms, with respect to the periods after the Delivery Date, that as of the Delivery Date it shall be deemed a party to the Transfer Documents to which Assignor is a party, and Assignee agrees to be bound by all the terms of, and to undertake all such obligations of, Assignor contained therein, insofar as such terms and obligations pertain to the period, or arise, after the Delivery Date.

Section 4. Assignee's Identity. The Assignee represents that it is a “Permitted Transferee” within the meaning of Section 13 of the Reconstruction and Conditional Sale Agreement. It is a corporation wholly owned by a corporation that has a net worth of at least [intentionally left blank] that has executed a guarantee of the performance and collection of all obligations of the Assignee under the Transfer Documents.

Section 5. Exception. Notwithstanding the foregoing, Assignor shall be entitled, to the extent set forth in the Purchase Agreement, to pursue claims incident to its interests in the Transfer Documents, and all its rights and remedies related to such claims, for payments of indemnity now or hereafter due under the Transfer Documents from any obligor thereunder, and/or insurance payments or proceeds, provided, however, that any obligor's liability for such claims shall not exceed the liability it would have incurred if the assignment had not been made.

Section 6. Miscellaneous. Each party to this Agreement shall execute and deliver such instruments, documents and other written information and take such other actions as the

other party may reasonably require in order to carry out the intent of this Agreement. This Agreement and all the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one instrument. This Agreement shall be construed in accordance with the laws of New Jersey without regard to its conflict of laws doctrine.

Section 7. Third-Party Beneficiaries. Each party to this Agreement acknowledges and agrees that each of Lessee, the Agent and the Investor and their successors, transferees and assigns, is an intended third-party beneficiary of this Agreement.

Section 8. Notices. Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally, telegraphed, sent by facsimile transmission or sent by overnight courier or certified, registered or express mail, air mail postage prepaid. If such notice or other communication is telegraphed or sent by facsimile transmission, it shall promptly be confirmed by mail as set forth above. Any such notice shall be deemed given when so delivered personally, by overnight courier, telegraphed, or sent by facsimile transmission or, if mailed, five business days after the date of deposit in the United States mails, as follows:

If to Assignee, to:

Connell Finance Company, Inc.
45 Cardinal Drive
Westfield, NJ 07090-1099
Attention: President
Facsimile Number: (903) 233-1070
Telephone Confirmation Number: (908) 233-0700

[Rest of page intentionally left blank]

If to Assignor, to:

PacifiCorp Credit, Inc.
825 NE Multnomah Street, Suite 775
Portland, Oregon 97232
Attention: Vice President-Asset Leasing and
Finance Division
Facsimile Number: (503) 797-6551
Telephone Confirmation Number: (503) 797-7200

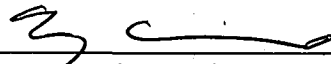
with a copy to the Legal Department at the same address.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement.

PACIFICORP CREDIT, INC.

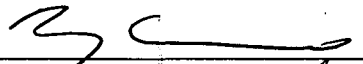
By: _____
Name: _____
Title: _____

CONNELL FINANCE COMPANY, INC.

By:  _____
Name: Terry Connell
Title: Executive Vice President

ACKNOWLEDGEMENT

I, Terry Connell, certify that I am the Executive Vice President of Connell Finance Company, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the instrument was signed and sealed on behalf of the corporation by authority of its Board of Directors and that I acknowledge that the execution of the foregoing instrument on December 5, 1996 was the free act and deed of the corporation. I further declare under penalty of perjury that the foregoing is true and correct. Executed on December 10, 1996.


Name: Terry Connell
Title: Exec. Vice Pres

If to Assignor, to:

PacifiCorp Credit, Inc.
825 NE Multnomah Street, Suite 775
Portland, Oregon 97232
Attention: Vice President-Asset Leasing and
Finance Division
Facsimile Number: (503) 797-6551
Telephone Confirmation Number: (503) 797-7200

with a copy to the Legal Department at the same address.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement.

PACIFICORP CREDIT, INC.

By: *San Michael Leice*
Name: *San Michael Leice*
Title: *Authorized Officer*

CONNELL FINANCE COMPANY, INC.

By: _____
Name: _____
Title: _____

State of New York
County of New York, ss: _____

On this 11th day of December, 1996 before me personally appeared Jon Michael Luce, to me personally known, who being by me duly sworn, says that he is the Authorized Officer of PacifiCorp Credit, Inc., that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Diane T. Hughes
Signature of Notary Public

My commission expires _____

DIANE T. HUGHES
Notary Public, State of New York
No. 4850436
Qualified in Richmond County
Certificate Filed in New York County
Commission Expires January 6, 1997

Appendix 1 to
Assignment and Assumption Agreement

List of Interests in Units Transferred
on the Delivery Date and Delivery Locations

<u>Locomotive Description</u>	<u>Manufacturer</u>	<u>Mfrt's. Serial No.</u>	<u>Lessee's Road No.</u>	<u>Delivery Date</u>	<u>Delivery Location</u>
GP 38-2	EMD-GM		GTW 5709		
			5710		
			5711		
			5712		
			5713		
			5714		
			5715		
			5716		
			5717		
			5718		
			5719		
			5720		
			5721		
			5722		
			5723		
			5724		
GP 40-2	EMD-GM		GTW 6413		
SD 40	EMD-GM		GTW 5922		
SD 40	EMD-GM		GTW 5916		
SD 40	EMD-GM		DWP 5907		